

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**

W-01537A  
Shepard Water Company  
10430 N. Martinez Lake Road  
Yuma, AZ 85365

RECEIVED

EX-100-10000  
ARIZONA CORPORATION

**ANNUAL REPORT**  
**Water**

**FOR YEAR ENDING**

12	31	2010
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FOR COMMISSION USE

ANN 04	10
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5-16-11

## COMPANY INFORMATION

<b>Company Name (Business Name)</b> <u>Shepard Water Company</u>		
<b>Mailing Address</b> <u>10430 N. Martinez Lake Road</u>		
<u>Yuma</u> (City)	<u>AZ</u> (State)	<u>85365</u> (Zip)
<u>928-783-9589</u>	<u>928-782-3360</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)
<b>Email Address</b> <u>info@martinezlake.com</u>		
<b>Local Office Mailing Address</b> <u>10430 N. Martinez Lake Road</u>		
<u>Yuma</u> (City)	<u>AZ</u> (State)	<u>85365</u> (Zip)
<u>928-783-9589</u>	<u>928-782-3360</u>	
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)
<b>Email Address</b> _____		

## MANAGEMENT INFORMATION

<input checked="" type="checkbox"/> <b>Regulatory Contact:</b>			
<input type="checkbox"/> <b>Management Contact:</b> <u>John W. Guth</u> <u>President</u>			
	(Name)	(Title)	
<u>10430 N. Martinez Lake Road</u>	<u>Yuma</u>	<u>AZ</u>	<u>85365</u>
(Street)	(City)	(State)	(Zip)
<u>928-783-9589</u>	<u>928-782-3360</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
<b>Email Address</b> <u>info@martinezlake.com</u>			
<b>On Site Manager:</b> <u>Lili Whitford</u>			
	(Name)		
<u>10430 N. Martinez Lake Road</u>	<u>Yuma</u>	<u>AZ</u>	<u>85365</u>
(Street)	(City)	(State)	(Zip)
<u>928-783-9589</u>	<u>928-782-3360</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
<b>Email Address</b> <u>info@martinezlake.com</u>			

<b>Statutory Agent:</b> <u>Wade Noble</u>			
(Name)			
1405 W. 16th St.	Yuma	AZ	85364
(Street)	(City)	(State)	(Zip)
928-343-9947	928-343-9483		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
<b>Attorney:</b> <u>Wade Noble</u>			
(Name)			
1405 W. 16th St.	Yuma	AZ	85364
(Street)	(City)	(State)	(Zip)
928-343-9947	928-343-9483		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
<b>Email Address</b> _____			

### **OWNERSHIP INFORMATION**

Check the following box that applies to your company:

<input type="checkbox"/> Sole Proprietor (S)	<input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op)
<input type="checkbox"/> Partnership (P)	<input type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co-op (A)
<input type="checkbox"/> Receivership (R)	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

### **COUNTIES SERVED**

Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input checked="" type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

# WILLIAM M. CLEMENTS

CERTIFIED PUBLIC ACCOUNTANT

1421 S. Fifth Avenue  
Yuma, Arizona 85364  
(928) 782-7503  
FAX (928) 782-6845  
wmccpa@c2i2.com

RECEIVED

WILLIAM M. CLEMENTS  
CERTIFIED PUBLIC ACCOUNTANT

## ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors  
Shepard Water Company  
Yuma, AZ

May 9, 2011

I have compiled the balance sheet of Shepard Water Company (a corporation) as of December 31, 2010 and 2009, and the related statements of income and expense for the years then ended included in the accompanying prescribed form. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the form prescribed by the Arizona Corporation Commission Utilities Division.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with requirements prescribed by the Arizona Corporation Commission Utilities Division and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Shepard Water Company  
Page 2  
May 9, 2011

These financial statements (including related disclosures) are presented in accordance with the requirements of the Arizona Corporation Commission Utilities Division which differ from accounting principles generally accepted in the United States of America. This report is intended solely for the information and use of the Arizona Corporation Commission Utilities Division and is not intended to be and should not be used by anyone other than this specified party.

I am not independent with respect to Shepard Water Company.

A handwritten signature in black ink, appearing to read "William M. Clements", with a large, stylized flourish extending from the end of the signature.

William M. Clements  
Certified Public Accountant

**COMPANY NAME** Shepard Water Company

**UTILITY PLANT IN SERVICE**

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	708		708
302	Franchises	2,708		2,708
303	Land and Land Rights	250		250
304	Structures and Improvements	59,265	2,963	56,302
307	Wells and Springs	4,424	4,424	-0-
311	Pumping Equipment	83,003	6,722	76,281
320	Water Treatment Equipment	205,981	10,300	195,681
330	Distribution Reservoirs and Standpipes	43,682	2,185	41,497
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations	16,890	845	16,045
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	509	498	11
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	<b>417,420</b>	<b>27,937</b>	<b>389,483</b>

This amount goes on the Balance Sheet Acct. No. 108

**COMPANY NAME**      Shepard Water Company

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	708		
302	Franchises	2,708		
303	Land and Land Rights	250		
304	Structures and Improvements	59,265	2.0	1,185
307	Wells and Springs	4,424		
311	Pumping Equipment	3,069 79,934	8.9 2.0	273 1,598
320	Water Treatment Equipment	205,981	2.0	4,120
330	Distribution Reservoirs and Standpipes	43,682	2.0	874
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations	16,890	2.0	338
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	509	10.0	50
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	<b>417,420</b>		<b>8,438</b>

This amount goes on the Comparative Statement of Income and Expense \_\_\_\_\_  
Acct. No. 403.

**COMPANY NAME**    Shepard Water Company

**BALANCE SHEET**

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 3,362	\$ 3,288
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	3,790	18,645
146	Notes/Receivables from Associated Companies	121,084	108,439
151	Plant Material and Supplies		
162	Prepayments	1,005	250
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 129,241	\$ 130,622
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 417,420	\$ 417,420
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(19,499)	(27,937)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 397,921	\$ 389,483
	<b>OTHER ASSETS</b>	46,479	50,749
	<b>TOTAL ASSETS</b>	\$ 573,641	\$ 570,854

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.



**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITIES</b>		5,695
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)	20,300	21,608
234	Notes/Accounts Payable to Associated Companies		755
235	Customer Deposits		
236	Accrued Taxes	2,363	45
<del>237</del>	Accrued Interest Utility Plant Equipment Payable	376,639	401,208
241	Miscellaneous Current and Accrued Liabilities	381	1,542
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 399,683	\$ 430,853
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 89,979	\$ 68,370
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax	2,840	4,618
	<b>TOTAL DEFERRED CREDITS</b>	\$ 2,840	\$ 4,618
	<b>TOTAL LIABILITIES</b>	\$ 492,502	\$ 503,841
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 1,000	\$ 1,000
211	Paid in Capital in Excess of Par Value	6,096	6,096
215	Retained Earnings	74,043	59,917
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ 81,139	\$ 67,013
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 573,641	\$ 570,854

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 24,332	\$ 24,885
460	Unmetered Water Revenue	10,197	8,547
474	Other Water Revenues	8,510	8,920
	<b>TOTAL REVENUES</b>	<b>\$ 43,039</b>	<b>\$ 42,352</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	4,599	4,490
618	Chemicals		
620	Repairs and Maintenance	839	1,008
621	Office Supplies and Expense	445	55
630	Outside Services	2,520	1,470
635	Water Testing	3,976	4,035
641	Rents	345	
650	Transportation Expenses		
657	Insurance – General Liability	4,535	
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	11,666	9,393
403	Depreciation Expense	8,438	8,438
408	Taxes Other Than Income	45	94
408.11	Property Taxes	2,363	1,983
409	Income Tax	(3,488)	(2,447)
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 36,283</b>	<b>\$ 28,519</b>
	<b>OPERATING INCOME/(LOSS)</b>	<b>\$ 6,756</b>	<b>\$ 13,833</b>
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$ 50	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	(1,000)	
427	Interest Expense	(25,819)	(27,959)
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	<b>\$ (26,769)</b>	<b>\$ (27,959)</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$ (20,013)</b>	<b>\$ (14,126)</b>

COMPANY NAME Shepard Water Company

**SUPPLEMENTAL FINANCIAL DATA**  
**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	1/25/2002			
Source of Loan	State of AZ WIFA			
ACC Decision No.	62091			
Reason for Loan	Water treatment facility			
Dollar Amount Issued	\$ 299,475	\$	\$	\$
Amount Outstanding	\$ 89,978	\$	\$	\$
Date of Maturity	10/1/2014			
Interest Rate (1)	3.26 %	%	%	%
3.26% interest	3,295			
Current Year Interest Admin. fee	\$ 3,032	\$	\$	\$
Current Year Principle	\$ 20,301	\$	\$	\$

Meter Deposit Balance at Test Year End \$ -0-

Meter Deposits Refunded During the Test Year \$ -0-

(1) Plus a monthly 3% administrative fee

<b>COMPANY NAME</b>	Shepard Water Company
<b>Name of System:</b>	<b>ADEQ Public Water System Number:</b>

## **WATER COMPANY PLANT DESCRIPTION**

### **WELLS**

<b>ADWR ID Number*</b>	<b>Pump Horsepower</b>	<b>Pump Yield (gpm)</b>	<b>Casing Depth (Feet)</b>	<b>Casing Diameter (Inches)</b>	<b>Meter Size (inches)</b>	<b>Year Drilled</b>
55-616951	5 HP	75		8	2	

\* Arizona Department of Water Resources Identification Number

### **OTHER WATER SOURCES**

N/A

<b>Name or Description</b>	<b>Capacity (gpm)</b>	<b>Gallons Purchased or Obtained (in thousands)</b>

<b>BOOSTER PUMPS</b>		<b>FIRE HYDRANTS</b>	
<b>Horsepower</b>	<b>Quantity</b>	<b>Quantity Standard</b>	<b>Quantity Other</b>
7 1/2 HP	4	12	

<b>STORAGE TANKS</b>		<b>PRESSURE TANKS</b>	
<b>Capacity</b>	<b>Quantity</b>	<b>Capacity</b>	<b>Quantity</b>
55,000	1	44 gallon	1

***Note: If you are filing for more than one system, please provide separate sheets for each system.***

<b>COMPANY NAME</b> Shepard Water Company
<b>Name of System:</b> <span style="float: right;"><b>ADEQ Public Water System Number:</b></span>

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

MAINS		
Size (in inches)	Material	Length (in feet)
2	PVC	200
3		
4		
5		
6	PVC	5,800
8		
10		
12		

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	71
3/4	
1	1
1 1/2	
2	1
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

**For the following three items, list the utility owned assets in each category for each system.**

**TREATMENT EQUIPMENT:**

Arsenic treatment system	\$ 141,385
Chlorination	5,096
Arsenic engineering	5,000
Water system engineering	54,500

**STRUCTURES:**

Retaining wall	\$ 36,598
Concrete slab	4,951
Chain link fence	10,484
Block wall	1,019
Gravel	6,213

**OTHER:**


***Note: If you are filing for more than one system, please provide separate sheets for each system.***

<b>COMPANY NAME:</b>	Shepard Water Company
<b>Name of System:</b>	<b>ADEQ Public Water System Number:</b>

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	135	797,410	797,510	
FEBRUARY	133	545,920	546,020	
MARCH	138	483,580	483,680	
APRIL	136	763,700	763,800	
MAY	138	1,017,200	1,017,300	
JUNE	138	1,150,300	1,150,400	
JULY	187	1,161,400	1,161,500	
AUGUST	183	1,582,600	1,582,700	
SEPTEMBER	189	1,224,700	1,224,800	
OCTOBER	193	1,170,800	1,170,900	
NOVEMBER	193	575,500	575,600	
DECEMBER	192	376,200	376,300	
<b>TOTALS →</b>		10,849,310	10,850,510	

What is the level of arsenic for each well on your system? .01127 mg/l  
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 500 GPM for 1 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?  
( ) Yes (x) No runs when well is running

Is the Water Utility located in an ADWR Active Management Area (AMA)?  
( ) Yes (x) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?  
( ) Yes (x) No

If yes, provide the GPCPD amount: \_\_\_\_\_

***Note: If you are filing for more than one system, please provide separate data sheets for each system.***

<b>COMPANY NAME:</b>	Shepard Water Company
<b>Name of System:</b>	<b>ADEQ Public Water System Number:</b>

**UTILITY SHUTOFFS / DISCONNECTS**

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY			
FEBRUARY			
MARCH			
APRIL			
MAY			
JUNE			
JULY			
AUGUST			
SEPTEMBER			
OCTOBER			
NOVEMBER			
DECEMBER			
<b>TOTALS →</b>			

OTHER (description):

Shepard Water Company did not have any shut-offs or disconnects. The number of our customers decreased because our customer base was on leased properties and the lessor terminated the leases on properties that the tenants did not intend to purchase. The property involved has been subdivided, and properties that were leased, will be sold.

COMPANY NAME Shepard Water Company YEAR ENDING 12/31/2010

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2010 was: \$ 1,982.56

Attach to this annual report proof (e.g. property tax bills stamped “paid in full” or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



**VERIFICATION  
AND  
SWORN STATEMENT**  
Taxes

**VERIFICATION**

STATE OF Arizona

I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME)	<u>Yuma</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>John W. Guth, President</u>
COMPANY NAME	<u>Shepard Water Company</u>

**DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION**

FOR THE YEAR ENDING

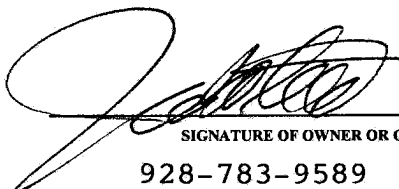
MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

  
SIGNATURE OF OWNER OR OFFICIAL  
928-783-9589

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

13th May

DAY OF May 2011

COUNTY NAME

Yuma

MONTH

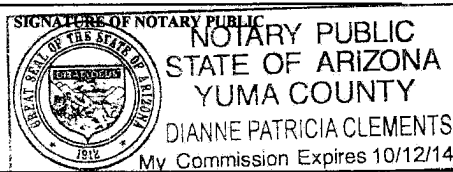
May 13

20 11

(SEAL)



MY COMMISSION EXPIRES October 12, 2014



<b>COMPANY NAME</b>	Shepard Water Company	<b>YEAR ENDING 12/31/2010</b>
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## INCOME TAXES

**For this reporting period, provide the following:**

Federal Taxable Income Reported	(28,469)
Estimated or Actual Federal Tax Liability	<u>-0-</u>

State Taxable Income Reported	( 28,424 )
Estimated or Actual State Tax Liability	45


**Amount of Grossed-Up Contributions/Advances:**

Amount of Contributions/Advances \_\_\_\_\_  
 Amount of Gross-Up Tax Collected \_\_\_\_\_  
 Total Grossed-Up Contributions/Advances \_\_\_\_\_

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

## CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

  
SIGNATURE

5/13/11  
DATE

John W. Guth

---

**PRINTED NAME**

President

---

TITLE

**VERIFICATION  
AND  
SWORN STATEMENT**  
**Intrastate Revenues Only**

**VERIFICATION**

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>Yuma</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>John W. Guth, President</u>
COMPANY NAME	<u>Shepard Water Company</u>

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2010</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2010 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 44,845

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 2,493  
IN SALES TAXES BILLED, OR COLLECTED)

**\*\*REVENUE REPORTED ON THIS PAGE MUST  
INCLUDE SALES TAXES BILLED OR  
COLLECTED. IF FOR ANY OTHER REASON,  
THE REVENUE REPORTED ABOVE DOES NOT  
AGREE WITH TOTAL OPERATING REVENUES  
ELSEWHERE REPORTED, ATTACH THOSE  
STATEMENTS THAT RECONCILE THE  
DIFFERENCE. (EXPLAIN IN DETAIL)**


SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 13th May 2011 DAY OF

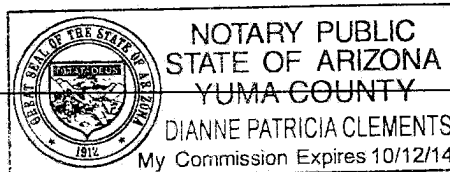
(SEAL)

MY COMMISSION EXPIRES October 12, 2014

  
\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL  
928-783-9589  
\_\_\_\_\_  
TELEPHONE NUMBER

COUNTY NAME	<u>Yuma</u>
MONTH <u>May 13</u>	<u>20 11</u>

  
\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC



RECEIVED

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE**  
Intrastate Revenues Only

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

COUNTY OF (COUNTY NAME) Yuma	
NAME (OWNER OR OFFICIAL) John W. Guth	TITLE President
COMPANY NAME Shepard Water Company	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2010 WAS:

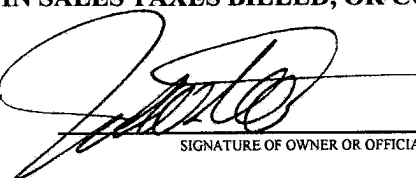
ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 40,714

THE AMOUNT IN BOX AT LEFT

INCLUDES \$ 2,219  
IN SALES TAXES BILLED, OR COLLECTED)

**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.**

  
SIGNATURE OF OWNER OR OFFICIAL

928-783-9589

TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS**

13th May

**DAY OF 2011**

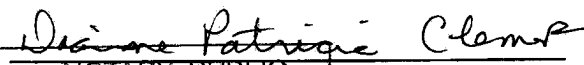
**(SEAL)**

**MY COMMISSION EXPIRES**

October 12, 2014

NOTARY PUBLIC NAME Dianne Patricia Clements	
COUNTY NAME Yuma	
MONTH May	DAY 13th .2011



  
NOTARY PUBLIC  
STATE OF ARIZONA  
YUMA COUNTY  
DIANNE PATRICIA CLEMENTS  
My Commission Expires 10/12/14